

§ 109.510

13 CFR Ch. I (1–12 Edition)

§ 109.510 On-site and off-site reviews.

(a) *General.* SBA may conduct off-site reviews and monitoring of ILP Intermediaries, including ILP Intermediaries' self-assessments. SBA may also perform on-site reviews of ILP Intermediaries as needed, as determined by SBA in its discretion.

(b) *Corrective actions.* SBA may require an ILP Intermediary to take corrective actions to address findings from on-site or off-site reviews. Failure to take required corrective actions may constitute an event of default, as described in § 109.520(c).

(c) *Confidentiality of reports.* On-site and off-site review reports and other SBA prepared review related documents are subject to the confidentiality requirements of § 120.1060.

§ 109.520 Events of default and revocation of authority to participate in the ILP program.

(a) *Automatic events of default.* Upon the occurrence of one or more of the events in this paragraph (a), the ILP Loan balance, including accrued interest, is immediately due and payable to SBA without notice and the ILP Intermediary's authority to participate in the ILP program is revoked.

(1) *Insolvency.* The ILP Intermediary becomes equitably or legally insolvent.

(2) *Voluntary assignment.* The ILP Intermediary makes a voluntary assignment for the benefit of creditors without SBA's prior written approval.

(3) *Bankruptcy.* The ILP Intermediary files a petition to begin any bankruptcy or reorganization proceeding, receivership, dissolution or other similar creditors' rights proceeding, or such action is initiated against the ILP Intermediary and is not dismissed within 60 calendar days.

(b) *Events of default with notice and possible opportunity to cure.* Except as provided in paragraph (c) of this section, upon receipt of written notice to the ILP Intermediary of the occurrence (as determined by SBA) of one or more of the events in this paragraph (b), the ILP loan balance, including accrued interest, is immediately due and payable to SBA and the ILP Intermediary's authority to participate in the ILP program is revoked.

(1) *Fraud.* The ILP Intermediary commits a fraudulent act.

(2) *Violation of SBA's ethical requirements.* The ILP Intermediary violates 13 CFR § 120.140.

(3) *Non-notification of events of default.* The ILP Intermediary fails to notify SBA in writing as soon as it knows or reasonably should have known that any event of default exists under this section.

(4) *Non-notification of defaults to others.* The ILP Intermediary fails to notify SBA in writing within ten calendar days from the date of a declaration of an event of default or nonperformance under any note, debenture or indebtedness, issued to or held by anyone other than SBA.

(5) *Failure to make timely payment.* Unless otherwise approved by the AA/CA or designee in writing, the ILP Intermediary fails to make timely payment to SBA on its ILP Loan.

(6) *Failure to take adequate corrective actions.* The ILP Intermediary fails to take adequate corrective actions, to SBA's satisfaction, as required by SBA under § 109.510 within the timeframe requested by SBA.

(7) *Violation of ILP Program Requirements.* The ILP Intermediary violates one or more ILP Program Requirement.

(8) *Actions that increase risk.* The ILP Intermediary takes other action which increases the risk of loss to SBA.

(c) *Opportunity to Cure.* SBA may, in its discretion, provide the ILP Intermediary with an opportunity to cure an event of default identified in paragraph (b) of this section. If SBA provides the ILP Intermediary with such a cure opportunity, SBA will issue written notice discussing the relevant facts, and directing the ILP Intermediary to cure the default and provide SBA with documentation to show that the default has been cured within a specified period of time (generally 15 days). SBA will then provide the ILP Intermediary with a final notification advising whether the default has been satisfactorily cured. In the event SBA determines the default has not been cured, the ILP Loan balance, including accrued interest, is immediately due and payable to SBA and the ILP Intermediary's authority to participate